



Docket Item: 8.2 – ACTION ITEM: June 2026 Legislative Emergency Board Request (Southern Oregon University)

Summary

The Legislature’s Joint Emergency Board is scheduled to meet June 17, 2026 to consider agency requests for adjustments to their 2025-27 adopted budgets. HECC staff have identified a critical funding need that requires Emergency Board action: the release of \$15M to HECC to support Southern Oregon University’s (SOU) cashflow needs for 2026-27.

Material

In early February, SOU identified an approximately \$15M shortfall in the funds that would be required for them to meet projected operating expenses during FY 2027. Several weeks later, the Legislature adopted [HB 5204](#), which included a \$15M special purpose appropriation (SPA) to the Emergency Board to address this issue. The [budget report](#) for HB 5204 establishes that the allocation of the SPA is contingent on HECC submitting a report to the Emergency Board no later than June 2026 that reflects updated financial modeling and a plan for SOU to maintain operations through June 30, 2027.

Since February, four separate external teams comprised of budget and accounting experts have reviewed SOU’s financial data and its fiscal and operational plans for FY2027. Each team has concluded that SOU requires approximately \$15M to remain solvent through FY 2027. While that conclusion relies on various assumptions, including ones related to enrollment and the university’s ability to realize savings identified under its recent Resiliency Plan, the external teams generally concluded that those assumptions were reasonable. Those findings will be detailed within a HECC report that is currently under development.

Relatedly, a separate HB 5204 budget note calls for SOU to collaborate with HECC to “develop a plan for future delivery of higher education in southern Oregon, without reliance on ongoing increases in state support ... The plan must align existing and potential revenue sources with budgeted expenditures to achieve a balanced budget for the 2027-29 biennium and long-term structural fiscal balance.”

Shortly after the passage of HB 5204, HECC entered into a contract with Deloitte Consulting, a global firm with a higher education practice, to support SOU and HECC in developing a plan for the university’s long-term sustainability. Deloitte’s team has [worked closely](#) with HECC staff, SOU leadership, and the larger SOU community to



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analyze university fiscal data and develop recommendations that, per the Legislature's direction, "achieve a balanced budget for the 2027-29 biennium and long-term structural fiscal balance." Deloitte described its preliminary recommendations to the SOU Board of Trustees at a public meeting on April 28; its full report will be released on May 4. The SOU Board will consider its response at a special meeting on May 8.

HECC staff concludes that SOU requires \$15M in order to meet its FY 2027 obligations, and that a longer-term sustainability plan for the university has been developed.

Staff Recommendation

HECC staff recommends that the Commission authorize staff to work with the Governor's Office and the Chief Financial Office to prepare and submit a request to the Joint Emergency Board for the release of up to \$15M of the HB 5204 Special Purpose Appropriation to HECC for SOU operating support.